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ABSTRACT

This paper focuses on the funding of court-ordered desegregation plans in St. Louis and Kansas City and the ongoing search for fiscal equity in Missouri's 522 school districts. It describes how school-funding policy issues in the two cities have dominated legislative discussion in Missouri and lists the landmark dates in desegregating the state's two largest cities. The article describes the amount of federal aid received by various states and the early formulas that were used for establishing education equity. It discusses a 1993 decision that ruled that Missouri schools were among the most inequitably financed in the nation. This decision determined that inequity in school funding was on the rise and that disparities between the 10 highest spending school districts and the 10 lowest spending school districts increased steadily from 1987 through 1993. The court ruling stated that the amount of money available for schools affects the educational opportunities that can be provided to Missouri's children. Financial data that were taken from 1998-99 show a slight deviation from the steady decline in the disparity ratio since legislative fixes were put in place, along with a revised funding formula that had gradually improved equity of funding among Missouri school districts. Two charts portray spending ratios among states and spending disparities. (RJM)

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School Funding Issues in Missouri, 1999

The two school funding policy issues that have dominated legislative discussion and debate in Missouri during recent years have involved the continued funding of desegregation plans in St. Louis and Kansas City and the continued quest for fiscal equity among the state's 522 school districts.

St. Louis School District Desegregation Case

In March 1980, the Eighth Circuit Court in Adams v. United States reversed a 1979 District Court decision related to St. Louis School District desegregation efforts and suggested that the District Court consider the following techniques when developing a desegregation plan: compensatory and remedial education programs, expanded permissive transfers within the district, development of a comprehensive program of voluntary interdistrict transfers from St. Louis County schools, and the creation of additional magnet schools. Implementation of the desegregation plan resulted in allocation of $8,530,000 of state funds for the St. Louis School District desegregation efforts during fiscal year 1981. Allocation of state funds earmarked for St. Louis desegregation has continued for twenty years with annual allocations reaching a peak of $146,410,000 in fiscal year 1998. According to the Desegregation Services Section of the Missouri Department of Elementary and Secondary Education, the total allocation to date exceeds $1,700,000,000 (MDESE, 1999).

Implementation of the St. Louis City School District/St. Louis County School Districts desegregation plan began in 1983. This plan includes eighteen county school districts and reached a peak of 15,163 transfer students in the fall of 1993. Over the past ten years, the number of transfer students has remained relatively steady, involving more than 14,000 transfer students each year.

Missouri Senate Bill 781 which became law in August 1998 was intended to provide a speedy settlement to the St. Louis desegregation court case. This law allowed the City of St. Louis to vote an increase in its sales tax which would produce approximately $23,000,000 additional revenue for the St. Louis School District. A revision in the state school foundation program related to at-risk students is projected to produce $40,000,000 of additional funds for the school district. City of St. Louis voters approved the sales tax increase on February 2, 1999, thereby ending state funding specifically earmarked for St. Louis School District desegregation.

Kansas City School District Desegregation Case

In 1984 US. District Court Judge Russell Clark issued a remedial order concerning

desegregation efforts in Kansas City, and the first state desegregation payment in the amount of $13,000,000 was made in June 1986. State payments for the Kansas City School District desegregation plan increased substantially each year from 1986 through 1995 with a peak allocation of $175,787,337 during fiscal year 1995. During the past three years payments have decreased considerably and are estimated to total $56,000,000 for the 1999 fiscal year. Since 1986 state payments have totaled $1,518,951,436 (MDESE, 1999).

The Kansas City desegregation plan differed greatly from the St. Louis plan which depended largely on the transfer of a substantial number of city students to suburban school districts. Instead, suburban students are recruited to attend the Kansas City magnet schools with the state paying for transportation and tuition costs. The state has paid **75%** of all program costs and **50%** of all capital improvement costs in Kansas City.

In February 1995 the Federal District Court agreed to suspend further court action until September 1995 while negotiations to end the Kansas City case proceeded. The U.S. Supreme Court ruled in June 1995 that the Federal District Courts in Missouri had exceeded their authority in the state desegregation cases. A tentative agreement was reached in March 1997 to continue to fund the Kansas City desegregation program during fiscal years 1997, 1998 and 1999 with state payments scheduled to end by fiscal year 2000.

Missouri's Continuing Quest for Fiscal Equity

A dramatic change in the way the state of Missouri finances its public schools occurred with the 1993 decision of Circuit Judge Byron Kinder. In this case, Committee for Educational Equality v. State of Missouri (1993, p. 2), Judge Kinder stated:

> The Court finds and concludes that the amount of money available for schools can and does make a difference in the educational opportunities that can be provided to Missouri children. The present Missouri school system does not provide an "equal opportunity" for each Missouri child as guaranteed by the Missouri Constitution. Vast disparities exist in the funding and resources available for education in the approximately 540 school districts in the Missouri school system -- with available annual revenues on a per pupil basis ranging from $9,750.53 down to $2,653.04, one of the most disparate situations of any state in the United States, and with facilities ranging from the "golden" to the "god-awful." Those disparities are not because of differing student needs, but instead are associated with local property wealth or are simply irrational.
>
> Missouri does not provide an educational opportunity for each Missouri child "without regard to wealth, birth or accidental condition or circumstance" which is implicit in the Jeffersonian concepts ingrained in our Constitution. The present system of financing the public schools of Missouri does not pass constitutional muster.

Judge Kinder's contention that Missouri funding is disequalized is supported in a study conducted by the Educational Testing Service which indicated that only Texas, Ohio, New York and Pennsylvania had higher school spending disparities than Missouri. This report showed that Texas and Ohio had the greatest disparity of expenditures among the 50 states with a disparity ratio

of 2.8 between the ten school districts that spent the most per pupil and the ten school districts that spent the least. Missouri had a disparity ratio of 2.3, with a ranking of fifth highest among the 50 states. Delaware, Nevada and Maryland had the lowest disparity ratio at 1.2. The disparity ratio of all fifty states, as reported in the Educational Testing Service (ETS) report, is shown in Figure 1 (Barton, 1991, p. 10).

The statement by Judge Kinder that school expenditure disequalization in Missouri was "getting worse" has been illustrated by previous studies conducted by the authors. The disparity ratios for the past eleven years are shown in figure 2. It is clear that the gulf between the ten highest spending school districts and the ten lowest spending school districts grew wider from 1987-88 through 1991-92. With the anticipated passage of financial legislation in 1992, the disparity ratio decreased from 3.1 to 3.0. After Senate Bill 380 was passed in 1993, the legislature increased its funding level each succeeding year for four years until the new state formula was fully funded for the 1996-97 school year.

Data in Figure 2 show that the disparity ratio has dropped steadily from 3.0 to 2.2 over the five-year implementation. It should also be noted that the average yearly increase in spending of the ten lowest spending school districts has increased from 2.7% per year for the six years prior to the passage of Senate Bill 380 to 11.5% per year for the five years since passage of Senate Bill 380. Similarly, there has been a change in the rate of increase of the ten highest spending districts from an average of 8.2% per year from 1987-88 through 1992-93 to an average increase of only 2.2 % per year from 1993-94 through 1997-98.

The financial data related to the last five years clearly show a reduction of the disparity ratio of Missouri schools and a dramatic increase in the spending patterns of the lowest spending school districts. The disparity ratio of 2.2 is the smallest ratio for the state of Missouri for the past eleven years.

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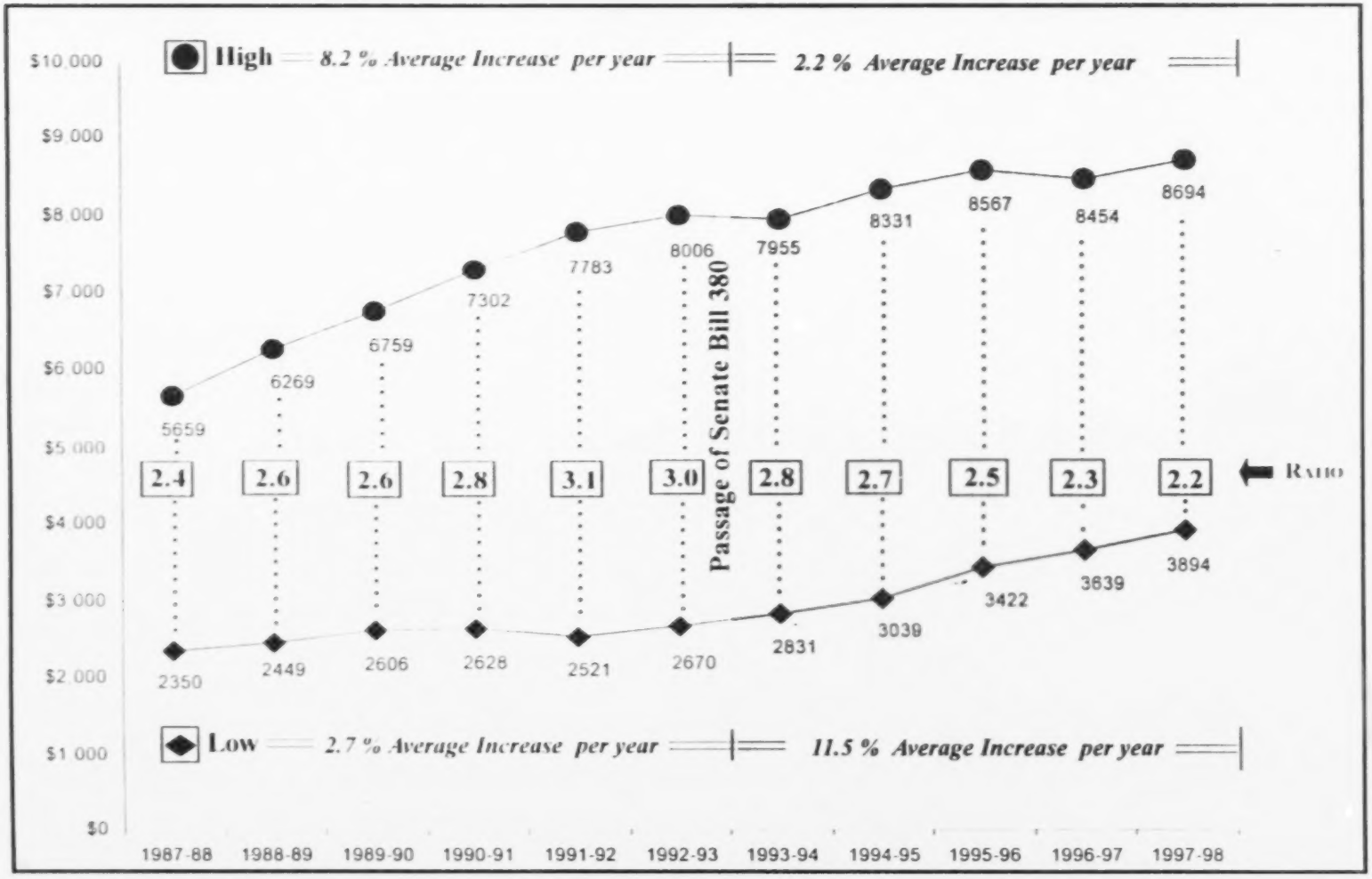
FIGURE 2: SCHOOL SPENDING DISPARITIES: THE MISSOURI PICTURE

Ratio of Education Spending Differences Between High and Low Spending Groups of Districts, 1987-88 through 1997-98

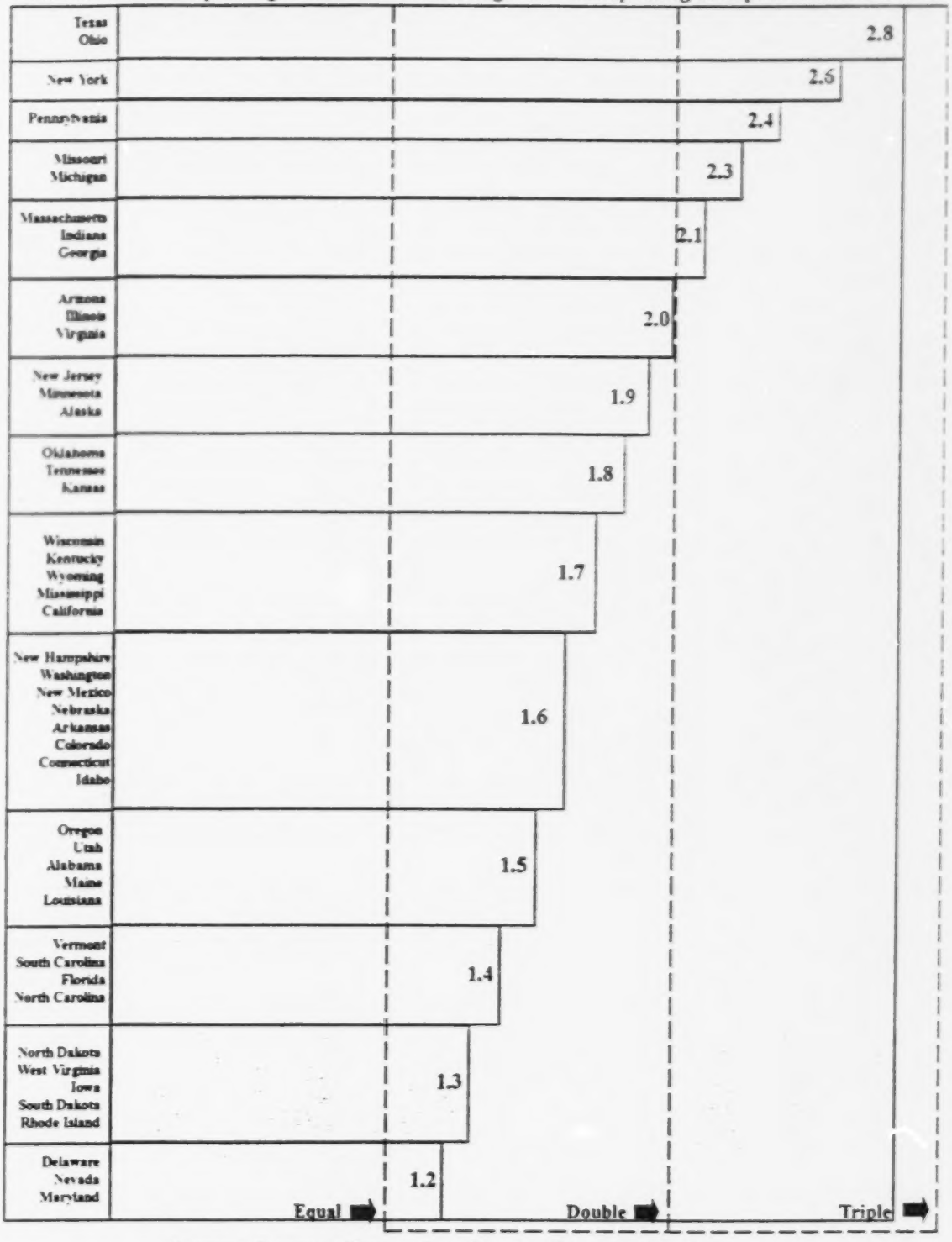


NOTE: Ratio is the average expenditure per ADA of the 10 highest spending districts in the state divided by the average expenditure per ADA of the 10 lowest spending diastricts from the 1987-88 school year through the 1997-98 school year.

SOURCES: Missouri Department of Elementary and Secondary Education

FIGURE 1: SCHOOL SPENDING DISPARITIES: THE NATIONAL PICTURE

Ratio of Education Spending Differences Between High and Low Spending Groups of Districts, 1986-87



SPENDING RATIOS OF HIGH TO LOW SPENDING DISTRICTS, BY STATE

Note: Ratio is the average expenditure of the 10 highest-spending districts in the state divided by the average expenditure of the 10 lowest-spending districts in 1986-87

Source: Congressional Research Service in the Education Testing Service. The State of Inequality, 1991.

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